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中遠海運控股股份有限公司
COSCO SHIPPING Holdings Co., Ltd.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1919)

**PROPOSED ADOPTION OF THE FURTHER REVISED SHARE OPTION
INCENTIVE SCHEME**

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

PROPOSED ADOPTION OF THE FURTHER REVISED SCHEME

The Board hereby announces that on 7 May 2019, the Board has approved the proposed adoption of the Further Revised Scheme, which was prepared based on the Revised Scheme with certain principal terms amended.

No further amendments are proposed to be made to the Revised Appraisal Measures and the Management Measures.

**CONDITIONS TO THE FURTHER REVISED SCHEME, THE REVISED
APPRAISAL MEASURES AND THE MANAGEMENT MEASURES**

The Further Revised Scheme, the Revised Appraisal Measures and the Management Measures are subject to the approval by the Shareholders at the Postponed Shareholders' Meetings.

GENERAL

The Company will despatch the revised notice of the Postponed EGM, the revised notice of the Postponed H Share Class Meeting, the Revised INED's Proxy Forms and the Revised Proxy Forms to the Shareholders for the Postponed EGM and the Postponed H Share Class Meeting in respect of the Further Revised Scheme, the Revised Appraisal Measures and the Management Measures as soon as practicable in accordance with the requirements under the Listing Rules and the Articles of Association.

This announcement is made by COSCO SHIPPING Holdings Co., Ltd.* (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

Reference is made to (i) the announcement of the Company dated 4 December 2018 and the circular of the Company dated 18 March 2019 in relation to the proposed adoption of the Share Option Incentive Scheme (the “**Circular**”); and (ii) the announcement of the Company dated 22 April 2019 in relation to the proposed adoption of the Revised Scheme and the postponement of the EGM and the H Share Class Meeting (the “**Second Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular and the Second Announcement.

PROPOSED ADOPTION OF THE FURTHER REVISED SCHEME

The Board hereby announces that on 7 May 2019, the Board has approved the proposed adoption of the further revised Share Option Incentive Scheme (the “**Further Revised Scheme**”), which was prepared based on the Revised Scheme with certain principal terms amended. In order to further optimise the Share Option Incentive Scheme, the Company proposes to adopt the Further Revised Scheme and further amend the terms in relation to, among other things, (i) the number of the Shares underlying the Share Options (including but not limited to the reinstatement of all relevant terms in relation to the Reserved Share Options which were originally in the Share Option Incentive Scheme); and (ii) details of the Proposed Grant.

The following sets forth a summary of the major amendments under the Further Revised Scheme, as compared to the Revised Scheme:

1. Number of Shares under the Further Revised Scheme

The number of Shares under the Further Revised Scheme shall be the same as those under the Share Option Incentive Scheme:

- (i) The total number of underlying A Shares in relation to the Share Options to be granted under the Further Revised Scheme shall be not more than 218,236,900 A Shares (as opposed to 218,232,600 A Shares under the Revised Scheme), representing approximately 2.25% of the existing A share capital of the Company and approximately 1.78% of the existing total issued share capital of the Company as at the date of this announcement.
- (ii) Under the Further Revised Scheme, the total number of the Reserved Share Options shall be 21,823,700, representing approximately 10% of the total number of the Share Options to be granted under the Further Revised Scheme. Participants eligible for the Reserved Share Options shall be determined by the Board within 12 months after the Further Revised Scheme is considered and approved by the Shareholders at the Postponed EGM, the postponed A Share Class Meeting and the Postponed H Share Class Meeting which will be held on 30 May 2019 (collectively, the “**Postponed Shareholders’ Meetings**”) with reference to the basis for determination of the grant of the Share Options under the Further Revised Scheme. If the Participants eligible for the Reserved Share Options are not determined within the abovementioned 12-month period, the Reserved Share Options will lapse.

Accordingly, all the terms in relation to the Reserved Share Options under the Share Option Incentive Scheme, which have been deleted in their entirety under the Revised Scheme, shall be reinstated under the Further Revised Scheme.

For more details of the principal terms in relation to the Reserved Share Options, please refer to Appendix I to the Circular.

2. Proposed Grant under the Further Revised Scheme

Pursuant to the Further Revised Scheme, the Board proposes to grant Share Options to not more than 475 Participants in the first batch (exclusive of the Participants in respect of the Reserved Share Options and as opposed to 557 Participants under the Revised Scheme), which comprises 8 senior management members of the Company, 13 senior management members of the subsidiaries of the Company and not more than 454 other key business personnel and management personnel of the Company.

However, same as the Revised Scheme, the Directors are not eligible to be Participants under the Further Revised Scheme, and no Share Options are proposed to be granted to any Director under the Further Revised Scheme.

The allocation of the Share Options under the Proposed Grant under the Further Revised Scheme is set out below:

(1) Proposed Grant to senior management of the Company

Name of the No. Participant	Position of the Participant	Number of Share Options to be granted	Percentage of the number of Share Options to be granted to the Participant to the total number of Share Options	Percentage of the number of the underlying A Shares to the total issued A share capital of the Company as at the date of this announcement	Percentage of the number of the underlying A Shares to the total issued share capital of the Company as at the date of this announcement
1. Chen Xiang	Deputy general manager	754,000	0.35%	0.008%	0.006%
2. Yao Erxin	Deputy general manager	754,000	0.35%	0.008%	0.006%
3. Zhu Jiandong	Deputy general manager	754,000	0.35%	0.008%	0.006%
4. Zhang Mingwen	Chief financial officer (總會計師)	754,000	0.35%	0.008%	0.006%
5. Steve Siu	Deputy general manager	754,000	0.35%	0.008%	0.006%
6. Chen Shuai	Deputy general manager	754,000	0.35%	0.008%	0.006%
7. Guo Huawei	Secretary to the Board	573,000	0.26%	0.006%	0.005%
8. Liu Nan	Secretary of the Disciplinary Committee	573,000	0.26%	0.006%	0.005%

(2) Proposed Grant to all the Participants

Participant(s)	Number of Participants	Average number of Share Options to be granted to each Participant	Total Number of Share Options to be granted	Percentage of the number of Share Options to be granted to the total number of Share Options Participant to the total number of Share Options	Percentage of the number of the underlying A Shares to the total issued A Shares to the share capital of the Company at the date of this announcement	Percentage of the number of the underlying A Shares to the total issued A Shares to the share capital of the Company at the date of this announcement
Share Options						
Senior management of the Company ⁽¹⁾	8	708,750	5,670,000	2.60%	0.06%	0.05%
Senior management personnel of the subsidiaries of the Company	13	782,000	10,166,000	4.66%	0.11%	0.08%
Other key business personnel and management personnel	454	397,747	180,577,200	82.74%	1.87%	1.47%
Sub-total	475	413,501	196,413,200	90.00%	2.03%	1.60%
Reserved Share Options ⁽²⁾			21,823,700	10.00%	0.23%	0.18%
TOTAL			218,236,900	100.00%	2.25%	1.78%

Notes:

- (1) For more details of the Proposed Grant to the senior management of the Company, please refer to the table headed “Proposed Grant to the Senior Management of the Company” above.
- (2) Participants eligible for the Reserved Share Options shall be determined by the Board within 12 months after the Further Revised Scheme is considered and approved by the Shareholders at the Postponed Shareholders’ Meetings with reference to the basis for the determination of the grant of the Share Options under the Further Revised Scheme.

3. Accounting Treatment of the Further Revised Scheme and Impact on the Operating Results of the Company

(1) Fair value of the Share Options

According to the relevant requirements regarding the recognition of fair value under *Enterprise Accounting Standard No.11—Share-based Payment* issued by the Ministry of Finance of the PRC on 15 February 2006 and *Enterprise Accounting Standard No.22—Recognition and Measurement of Financial Instruments* as amended and issued by the Ministry of Finance of the PRC on 31 March 2017, the Company shall select an appropriate valuation model to determine the fair value of the Share Options. The Company has selected the Black-Scholes Model and the date of the Board's approval of the Further Revised Scheme as the benchmark date to determine the fair value of the Share Options under the Further Revised Scheme.

Based on the preliminary calculation by the Company, the fair value of each Share Option is RMB2.46, and the aggregate value of the 196,413,200 Share Options to be granted in the first batch (other than the Reserved Share Options) is RMB483,176,472. The following sets out details of the reference factors:

Market price of the A Shares	: RMB5.24, being the closing price of the A Shares as traded on the Shanghai Stock Exchange on 6 May 2019
Exercise price of the Share Options	: RMB4.10, being the exercise price determined by the Board pursuant to the requirements of the CSRC and the SASAC
Expected life	: 3.83 years, being the weighted expected effective period
Risk-free yield	: 3.15%, being the 3.83-year yield to maturity of the national bond rate
Expected volatility	: 46.02%, based on the historical volatility rate of the Company
Expected rate of dividend	: 0% ⁽¹⁾

Notes:

- (1) According to the applicable valuation method and relevant requirements of the SASAC, since the adjustment mechanism to the exercise price of the Share Options upon occurrence of distribution of dividend is provided in the Further Revised Scheme, the expected rate of dividend shall not be taken into account in the determination of fair value of the Share Options.
- (2) The calculation results of the value of the Share Options are subject to a number of assumptions of the parameters used herein and the limitation of the model adopted. Therefore, the estimated value of the Share Options may be subjective and uncertain.

(2) Amortization Method of the Share Options and Impact on the Operating Results of the Company

The expenses of the Share Options incurred by the Company shall be amortized during the vesting period of the Share Options and the period commencing from the expiry of the vesting period and ending on the first day of the exercise period in respect of the relevant batch of the Share Options.

Based on the preliminary calculation, the amortization costs of the proposed grant of the 196,413,200 Share Options in the first batch (other than the Reserved Share Options) are approximately RMB483,176,472.

The following sets forth the impact of the amortization costs of the Share Options on the operating results of the Company during the relevant periods according to the PRC Accounting Standards:

	2019	2020	2021	2022	2023
Annual amortization amount (<i>RMB</i>)	100,922,375	174,233,912	127,515,694	63,300,630	17,203,860
Percentage of the revenues of 2017	0.11%	0.19%	0.14%	0.07%	0.02%
Percentage of the net profits attributable to the parent's shareholders (after deduction of extraordinary items) of 2017	10.62%	18.34%	13.42%	6.66%	1.81%

Note: The accounting treatment for the Reserved Share Options shall be the same as that for the 196,413,200 Share Options.

The final amortization costs of the Share Options will be determined based on reference factors such as the Date of Grant determined by the Board and the actual volatility rate, and shall be confirmed by the auditors of the Company. The costs of the Share Options incurred by the Company will be recorded as expenses in recurring profits and losses of the Company's financial statements. Assuming there is no material change to the operating results of the Company after the adoption of the Further Revised Scheme, the Company is of the view that the amortization costs of the Share Options will not have material impact on the net profits of the Company for the relevant financial years during the Validity Period.

Save as disclosed above, there are no other material amendments under the Further Revised Scheme, as compared to the Revised Scheme.

As advised by the PRC legal adviser of the Company, the Further Revised Scheme is in compliance with the relevant requirements under the applicable PRC laws and regulations.

PROPOSED ADOPTION OF THE REVISED APPRAISAL MEASURES AND THE MANAGEMENT MEASURES

No further amendments are proposed to be made to the Revised Appraisal Measures and the Management Measures.

CONDITIONS TO THE FURTHER REVISED SCHEME, THE REVISED APPRAISAL MEASURES AND THE MANAGEMENT MEASURES

The Further Revised Scheme, the Revised Appraisal Measures and the Management Measures are subject to the approval by the Shareholders at the Postponed Shareholders' Meetings.

Directors' Confirmation

The Directors (including the independent non-executive Directors) are of the view that the proposed adoption of the Further Revised Scheme, the Revised Appraisal Measures, the Management Measures and the authorisation to the Board to handle all matters relation to the Further Revised Scheme are in the best interests of the Company and the Shareholders as a whole.

GENERAL

The Company will despatch the revised notice of the Postponed EGM, the revised notice of the Postponed H Share Class Meeting, the Revised INED's Proxy Forms and the Revised Proxy Forms to the Shareholders for the Postponed EGM and the Postponed H Share Class Meeting in respect of the Further Revised Scheme, the Revised Appraisal Measures and the Management Measures as soon as practicable in accordance with the requirements under the Listing Rules and the Articles of Association.

Shareholders who intend to attend the Postponed EGM and/or the Postponed H Share Class Meeting are reminded to read the instructions in relation to the attendance of the Postponed Shareholders' Meetings as disclosed in the section headed "Postponement of the EGM and the Class Meetings" in the Second Announcement

and the instructions set out in the revised notice of the Postponed EGM, the revised notice of the Postponed H Share Class Meeting, the Revised INED's Proxy Forms and the Revised Proxy Forms to the Shareholders for the Postponed EGM and the Postponed H Share Class Meeting to be despatched by the Company.

By Order of the Board
COSCO SHIPPING Holdings Co., Ltd.
Guo Huawei
Company Secretary

Shanghai, the People's Republic of China
7 May 2019

As at the date of this announcement, the directors of the Company are Mr. XU Lirong¹ (Chairman), Mr. HUANG Xiaowen¹ (Vice Chairman), Mr. WANG Haimin¹, Mr. ZHANG Wei¹, Mr. YANG, Liang Yee Philip², Mr. WU Dawei², Mr. ZHOU Zhonghui² and Mr. TEO Siong Seng².

¹ *Executive Director*

² *Independent non-executive Director*

* *For identification purpose only*